

Opening Statement
Chairman Fred Upton
Subcommittee on Health Hearing on “Using Innovation to Reform Medicare
Physician Payment”
July 18, 2012

(As Prepared for Delivery)

The deficiencies of the current Medicare physician payment system are well known. In fact, this year marks a decade of repeated congressional action to avoid substantial fee cuts to physicians in the Medicare program. And the toll keeps mounting. In January, physicians will once again face cuts of at least 27.5 percent; the price tag to get rid of this flawed system is over \$300 billion.

The purpose of this hearing is not to perpetuate the old conversation about the failings of the Sustainable Growth Rate system, but rather to continue a conversation begun by the Energy and Commerce Committee over a year ago on how we build a better payment and care delivery system for the future. Through feedback from physician groups, a hearing in May of last year, and continued input from a number of stakeholders, we have been able to identify widespread agreement on certain elements that a future payment system will need to incorporate.

First, we need to repeal the SGR and put an end to this perpetual cycle of payment instability and threatened access to care. Next, we need to introduce incentives that will encourage physicians and other providers to deliver care that results in better patient outcomes, maintains access to needed medical services for beneficiaries, pays providers adequately and fairly, and reduces the rapid growth in spending in the Medicare program.

We have heard from many different groups about the need for a period of stability in Medicare payments. However, it is not constructive to offer criticism without solutions. Those who argue for stability must also help us develop the policy that will eventually replace the SGR.

The urgency for action to break this cycle could not be greater, especially as our country ages with 10,000 Baby Boomers now turning 65 every day. I want to thank the witnesses for helping us as we work to resolve this difficult problem and I look forward to your testimonies.